



## Core Unit 1A – Providing for Retirement

### Assignment 2 Notes (Part 2 – Parties Involved)

*Recommended Time: 1 Hour*

**1. List 5 types of enquiries dealt with by the National Insurance Contributions and Employers Office.**

**5 marks**

List should include five of the following:

- Class 1 National Insurance rates and thresholds
- Statutory Payments
- Married Women's Reduced Rate Election
- National Insurance statement requests
- Class 3 National Insurance
- Employment histories

The National Insurance Contributions and Employer Office is part of HMRC and is responsible for collecting and recording National Insurance Contributions.

(Relevant section of the manual is Part 2 Chapter 1.10.2.)



**2. Outline the statutory requirements that apply to the trustees of most occupational pension schemes.**

**10 Marks**

Answer should cover the following:

Trustees owe several different legal duties to the beneficiaries of the scheme.

- Prepare a triennial actuarial valuation, schedule of contributions, statement of funding principles, annual funding report and any recovery plan (Defined Benefit scheme only).
- Payment schedule (Defined Contribution scheme only).
- Statement of Investment Principles.
- Internal Dispute Resolution Procedure.
- Ensure that they do not discriminate against members.
- Pay cash equivalent transfer values.
- Comply with disclosure requirements.
- From April 2015 Chair's statement of compliance with governance standards and charge controls (Defined Contribution schemes only).

(Relevant section of the manual is Part 2 Chapter 1.14.1)

**3. Outline the role of the trustees' legal adviser.**

**10 marks**

Answer should cover the following:

- Advising the trustees on their legal duties and responsibilities.
- Advising the trustees on the legal and regulatory requirements that apply to their scheme.
- Advising the trustees on the interpretation of the scheme's governing documentation.
- Drafting any changes that need to be made to the scheme's governing documentation.
- Drafting documents.
- Advising on the legal aspects of corporate transactions.
- Advising on disputes in relation to the scheme.

(Relevant section of the manual is Part 2 Chapter 1.18.1)



**4. Explain the function of an Independent Governance Committee and when a Governance Advisory Arrangement may be established.**

**10 Marks**

Answer should cover the following:

- Operation of Independent Governance Committees (IGCs) by providers of workplace contract-based schemes from 6 April 2015.
- IGCs to act in the interest of policy holders, independently from the provider.
- Provide communications to scheme members and employers.
- Report on quality standards, value for money.
- Disclose costs and charges information to members.
- Drive value for money for members of contract-based schemes.
- Need to oversee and report on their firm's ESG issues and to assess the value for money of investment pathway solutions.
- Can escalate concerns to members employers and the Financial Conduct Authority.
- Chair responsible for publishing an annual report.
- Providers with small and less complex workplace personal pension schemes will be able to establish a Governance Advisory Arrangement instead of an IGC.

(Relevant section of the manual is Part 2 Chapter 1.15.)

**5. Identify the members and beneficiaries under a pension scheme.**

**5 Marks**

Answer should cover the following:

- Active members.
- Deferred Members.
- Pensioners.
- Spouses, Civil Partners and Dependents.
- The Employer (for an occupational pension scheme).
- From 6 April 2015 possible to pay death benefits to nominees (Defined Contribution schemes only).

(Relevant section of the manual is Part 2 Chapter 1.16.)



**6. Outline the role of an Insurer for contract-based schemes and for trust-based schemes.**

**5 Marks**

Answer should cover the following:

- Provider of contract-based schemes such as personal pensions and Stakeholders.
- Provider of insurance (e.g., lump sum death benefits).
- Provider of annuities.
- May provide facility for Additional Voluntary Contributions.
- Policies may be in name of employer, trustees, or individual members/beneficiaries.
- Contractual relationship will determine who can enforce the terms of the policy.
- In the case of DC schemes, where the member is taking an annuity, the member will select the Open Market option to use his pot to buy an annuity from an insurer offering competitive rates. In this case, the annuity will be written in the name of the member.

(Relevant section of the manual is Part 2 Chapter 1.21.)

**7. List 5 different types of advisers that may be appointed by the trustees of an occupational pension scheme.**

**5 marks**

List from the following:

- A legal adviser.
- An investment adviser.
- An actuary.
- An auditor.
- A benefits consultant.
- A communications or member engagement consultant.

(Relevant section of the manual is Part 2 section 1.18.1 to 1.18.6 inclusive)